

NPIC/TSSG/DED-1715-69  
10 July 1969

MEMORANDUM FOR THE RECORD

SUBJECT: Trip to [REDACTED]

1. On 8 July 1969, a trip was made to [REDACTED]. The reason for this trip was managerial rather than technical. Over the last couple of months we have had a series of overruns of a significant magnitude on [REDACTED] contracts. We have had a series of complaints from our project officers on [REDACTED] slow delivery of necessary reports and contractual documentation. Furthermore, there have been a series of changes in overhead and a number of changes in the contract personnel involved in our contracts. While these factors individually are not necessarily significant, we are concerned by the pattern developing. Because of our recent experiences with [REDACTED] we looked at the [REDACTED] situation and decided that it would be prudent to talk to their management and express our concern over the situation and ascertain what they are doing towards rectifying it.

2. To make sure that the impact would be felt, I asked to talk to [REDACTED] the Department Head, and [REDACTED] who is effectively in charge of the Division containing our contracts. During these discussions I pointed out the following facts:

- (a) They currently have about [REDACTED] in NPIC contracts plus an additional [REDACTED] production contract for dual viewing microstereoscopes.
- (b) Our relationship with [REDACTED] had been highly productive for the company, and a large number of the items that had been developed under our funds had resulted in production items for the company.
- (c) We were not receiving our reports on their scheduled times and the company had been unusually slow in responding in terms of cost data and bids on modifications.

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(d) The nature of the work they are performing for us has changed and it is increasing in complexity and in sophistication and, as a consequence, we expected that the management techniques applied to cover these contracts would also have to increase in sophistication.

(e) In a number of instances, the percentage of work completed projected by the [ ] project manager was highly optimistic in respect to the work actually done.

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3. I asked a series of questions regarding:

(a) critical components required for the fabrication of some of the instruments and to whether they had requested additional units so that production would not be held up if one of the units proved unacceptable or was broken or marred.

(b) How much of their component optics was subcontracted since this had been a source of concern in the [ ] contracts.

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4. I informed them that we wanted no surprises, that if overruns occurred, we wanted to know at the earliest possible moment, and that we were to be informed by phone the minute the information became available to be followed up immediately with paperwork directed to the contracting officer.

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5. [ ] both contended that they were very much interested in our business, that it was in fact true that an extraordinary number of the projects they have developed under our funding have resulted in production lines for the company, that they also were concerned by the series of overruns and particularly concerned by the misjudgement on the part of [ ] project managers concerning the actual amount of work completed.

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6. I then asked them to go into some detail on what changes they had made and what steps they were taking to alleviate the undesirable situation. [ ] explained that a couple of the project managers concerned were no longer with [ ] as a result of this situation. We then reviewed the method that they will use in the future to estimate percentage of work completed. I reviewed

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their breakdown sheets primarily to see if they were using a systematic system of analysis, whether the evaluations were repeated frequently enough to retain their validity, and to determine the degree of detail, and the extent to which they subdivide their functional categories. They had been using a task system and the new system that they are introducing is also a task system but is very detailed in that degree of breakdown, i.e., two hundred individual tasks on the Image Comparison Microstereoscope. The greatest emphasis is put on those tasks which were crucial or "critical path" items. Although they were essentially using a bar chart system, it appeared to be a modified PERT. I reviewed the system to determine how many people, other than the project officers, checked out their projections to ascertain the levels at which they were reviewed, the validity of the checking procedure, and the depth to which these items are reviewed by their management.

7. Their procedures appear to be adequate. However, the procedures are only as good as the people implementing them. In addition, I checked to see whether the department manager was holding back some hours on the designers--[REDACTED] insists this is a good practice--and affirmed that this is the case. I asked some candid questions concerning the quality of NPIC's monitoring of the various projects and answers were generally highly complimentary. I tried to determine if there were any areas in which our management could make changes which would result in improvements. The only constructive suggestion appeared to be improved communications via clearing [REDACTED] into our program, since [REDACTED] is the only individual at [REDACTED] who currently has clearances.

8. My conclusions, as a result of this meeting, were as follows:

1. That our projects are considerably more sophisticated and much more state-of-the-art than any projects previously handled by [REDACTED]. However, they had tended to treat each as just another project and not as a complicated system.
2. It is apparent that [REDACTED] is aware of this error and is taking steps to change the situation.

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3. Their task system may or may not prove adequate to the job, but it appears to be a sound approach and should be tried and tested before we make any further recommendations.
4. The main reason for this meeting was accomplished in that our great concern and displeasure at the current cost and management situation was made known early enough to be significant.
9. I would recommend:
  - (a) a quarterly check by [REDACTED] or myself to see how the system is operating.
  - (b) that the individual project officers review and understand these task breakdown sheets.
  - (c) that we clear [REDACTED] in order to improve inter-company communications and to impress upon [REDACTED] the ultimate significance of their work.

I feel that the extent of our investment in contracts at [REDACTED] of close to a million dollars with more contemplated in the future years, justifies this. I wish to emphasize that the situation at [REDACTED] while it provides some cause for concern, is certainly not critical at this point. This trip was made to keep it from becoming so.

[REDACTED]  
Deputy Chief

Development and Engineering Division

NPIC/TSSG/DED: [REDACTED] (10 July 1969)

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